

REMARKS

This amendment is submitted in conjunction with a Request for Continued Examination. In response to the final office action dated January 19, 2005, claims 1-64 have been cancelled and new claims 66-83 are submitted. No new matter is added by these amendments, which find support throughout the application, particularly in FIGS. 10-20 and the associated text. Reconsideration of the application is respectfully requested.

In the final office action, claims were rejected over two cited references, U.S. patent number 6,078,916 to Culliss and U.S. patent number 6,314,420 to Lang. New claims 66-83 have been added to better define the subject matter defined by the present application. Culliss relates to a search system which receives a search query and identifies matching items or articles. In addition, the system provides for displaying advertising banners in response to certain paid-for key words entered by the user. Lang discloses a search system including collaborative filtering.

New claims 66-83 define an invention not disclosed or suggested by these references. The present invention defined by claims 66-83 relates to a method and apparatus for making search term recommendations to an information provider or advertiser in a *pay for placement market system* such as is described in conjunction with FIGS. 1-9 of the present application. The method for making search term recommendations is particularly described in conjunction with figures 10-20 of the application. Two particular techniques for identifying search terms to recommend are spidering (see, e.g., FIG. 11) and collaborative filtering (see, e.g., FIG. 12).

A pay for placement market system generally includes a database of search listings (such as databases 38, 40, of the present application). Stored on the database is a plurality of search listings such as search listing 344. Information providers who wish to display their search listings to users of the database enter and maintain search listings in the database. Each information provider specifies a "keyword" or search term that is compared with a search term received by the database as part of a search query from a user. If the information provider's search listing includes the received search term, information from the information provider's search listing is returned to the user with other search results that matched the search query. The information provider pays a money amount (sometimes referred to as a bid or bid amount) to the

operator of the pay for placement market system upon occurrence of a predetermined event, such as selection ("clickthrough") by the user. The information provider can thus use the pay for placement market system to advertise his web site and drive potential customers to his web site.

In the pay for placement marketplace, the information providers can control the positioning of their search listings in the search results. This is done by adjusting the bid amount of a search listing. The search listing can include a number of components or fields, including the keyword or search term (352) and bid amount (358). When a search query is received, the search results that match the query are ordered according to bid amount, so that the search listings with the highest bid amounts appear highest in the search result list, where they are most likely to be seen by the user. By adjusting the bid amount of his search listing in relation to the bid amounts of other information providers in the pay-for-placement marketplace system, the information provider can control where in the search result list his search listing will appear. If a searcher clicks on the information provider's search listing, his account with the marketplace operator is chargeable by a money amount corresponding to the bid amount for the search listing. Thus, the advertiser "pays for the placement" of his advertisement or search listing in the search result list.

The information providers may choose any search listings to bid upon, and they are generally related in some way to the product or service offered by the information provider. The present invention defined by claims 66-83 provides a method and apparatus for recommending search terms to an information provider on a pay-for-placement search system. The method and apparatus make search term recommendations based on the contents of the information provider's web site and by comparing the advertiser to other similar information providers and recommending search terms they have chosen. In this manner, the system recommends good search terms, or terms having a relation to the advertiser's web site or its content, while avoiding bad search terms which have no such relation. The system is interactive with the information provider, allowing him to decide when the set of search terms is sufficient for his requirements. However, the process of identifying and ranking search terms is automated and is based on actual pages of the advertiser's web site and by comparisons to other information providers.

Thus, the Culliss reference, which discloses a search system including banner advertisements, is quite different from the presently claimed system. Culliss fails to disclose a

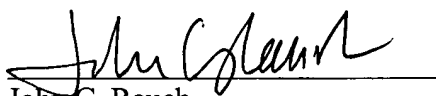
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pay for placement market system having the features of independent method claim 66 and independent apparatus claim 79. Lang does not provide the missing teaching.

Accordingly, consideration of claim 66-83 and allowance of the application are respectfully requested.

With this response, the application is believed to be in condition for allowance. Should the examiner deem a telephone conference to be of assistance in advancing the application to allowance, the examiner is invited to call the undersigned attorney at the telephone number below.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "John G. Rauch", is written over a horizontal line.

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